



Billing Code: 4810-AM-P

BUREAU OF CONSUMER FINANCIAL PROTECTION

Notice of Availability of Certain Revised Consumer Information Publications

AGENCY: Bureau of Consumer Financial Protection.

ACTION: Notice of availability.

SUMMARY: The Bureau of Consumer Financial Protection (Bureau or CFPB) announces the availability of three revised consumer publications, including a consumer information brochure and two booklets required under the Real Estate Settlement Procedures Act (RESPA), Regulation X, the Truth in Lending Act (TILA), and Regulation Z. These publications are titled: *What You Should Know About Home Equity Lines of Credit*, the *Consumer Handbook on Adjustable-Rate Mortgages*, and the *Shopping for Your Home Loan: Settlement Cost Booklet*.

ADDRESSES: The revised consumer publications are available for download on the Bureau's website at www.consumerfinance.gov/learnmore and can also be found in the Catalog of U.S. Government Publications (<http://catalog.gpo.gov>), maintained by Superintendent of Documents, U.S. Government Printing Office, Washington, DC 20402.

FOR FURTHER INFORMATION CONTACT: Lea Mosena, Legal Division; Susan Haag, Office of Financial Education; and Richard Arculin, Office of Regulations,

CFPB_reginquiries@cfpb.gov or (202) 435-7700.

SUPPLEMENTARY INFORMATION:

Pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), Public Law 111-203, the CFPB is responsible for three consumer information publications related to mortgage and home equity line of credit transactions, titled: 1) *What You Should Know About Home Equity Lines of Credit* (HELOC Brochure); 2) *Consumer Handbook*

on Adjustable-Rate Mortgages (CHARM Booklet); and 3) *Shopping for Your Home Loan, Settlement Cost Booklet* (Settlement Cost Booklet). The HELOC Brochure and CHARM booklet were formerly published by the Board of Governors of the Federal Reserve System (Board). The Settlement Cost Booklet was formerly published by the Department of Housing and Urban Development (HUD).

The CFPB is making technical and conforming changes to each of the three publications in conjunction with the January 2014 effective dates for many provisions of the Bureau's rulemakings regulating practices in mortgage origination and servicing. A description of the changes in each publication follows.

The Bureau views the publications as part of the Bureau's broader mission to educate consumers about consumer financial products. The Bureau intends to revise the publications and develop other educational materials that will be accessible on its public website. The Bureau therefore expects to consider further revisions to these publications in the future, in particular to reflect changes to disclosure requirements for mortgage credit transactions under TILA and for real estate settlements under RESPA, pursuant to the Bureau's Integrated Mortgage Disclosures under the Real Estate Settlement Procedures Act (Regulation X) and the Truth in Lending Act (Regulation Z) final rule issued on November 20, 2013.

Those who provide these publications may, at their option, immediately begin using the revised HELOC Brochure, CHARM Booklet, or Settlement Cost Booklet, or suitable substitutes to comply with the requirements in Regulations X and Z. The Bureau understands, however, that some may wish to use their existing stock of publications. Therefore, those who provide these publications may use earlier versions of these publications until existing supplies are exhausted. When reprinting these publications, the most recent version should be used.

HELOC Brochure

The Home Equity Loan Consumer Protection Act of 1988, Public Law No. 100-709, amended TILA to require creditors to give consumers, among other disclosures, an educational brochure on home-equity plans at the time an application is provided. Specifically, TILA section 127A requires that, in addition to certain other disclosures, when a consumer is applying to open an account under any open-end consumer credit plan secured by the consumer's principal dwelling, "the creditor or other person providing such disclosures to the consumer shall provide (1) a pamphlet published by the Bureau pursuant to section 4 of the Home Equity Consumer Protection Act of 1988; or (2) any pamphlet which provides substantially similar information to the information described in such section, as determined by the Bureau." 15 U.S.C. 1637a(e).

Prior to the Dodd-Frank Act, the Board implemented this requirement in 12 CFR 226.5b(e) and developed and published the HELOC Brochure to consumers with basic information about the features of a home equity line of credit and what to look for and compare when shopping for credit. Under the Dodd-Frank Act, the responsibility for the HELOC Brochure transferred to the CFPB. Under the CFPB's Regulation Z, at the time an application for a HELOC is provided to the consumer, a creditor must provide certain disclosures and "the home equity brochure entitled 'What You Should Know About Home Equity Lines of Credit' or a suitable substitute." 12 CFR 1026.40(e).

To reflect the transfer to the CFPB and ensure consistency with the Bureau's rulemakings regulating practices in mortgage origination and servicing, many of which take effect in January 2014, the CFPB has made technical and conforming changes to the HELOC Brochure. Specifically, the revised publication adds a reference to the requirement that lenders must provide borrowers with a list of housing counselors in their area, CFPB contact information, and

updates to other Federal agency contact information. It also adds CFPB resources for consumers including information about how consumers can submit a complaint to the Bureau, a link to the Bureau's online "Ask CFPB" tool to find answers to questions about mortgages and other financial topics, and a link to an online tool to find local HUD-approved housing counseling agencies.

CHARM Booklet

In 1987, the Board revised Regulation Z, to require special disclosures for closed-end ARMs secured by the borrower's principal dwelling with a term greater than one year. 52 FR 48665 (Dec. 24, 1987). The Board and the Federal Home Loan Bank Board (predecessor to the former Office of Thrift Supervision (OTS)) developed the CHARM booklet in 1987 to fulfill that requirement and educate consumers about the features and risks associated with adjustable-rate mortgages. Under the Dodd-Frank Act, the responsibility for the CHARM Booklet transferred to the Bureau. Under 12 CFR 1026.19(b)(1), the "booklet titled Consumer Handbook on Adjustable Rate Mortgages, or a suitable substitute" must generally be given to consumers at the time an application for an adjustable-rate mortgage is provided or before the consumer pays a non-refundable fee, whichever is earlier.

To reflect the transfer to the CFPB and ensure consistency with the Bureau's rulemakings regulating practices in mortgage origination and servicing that take effect in January 2014, the CFPB has made technical and conforming changes to the CHARM Booklet. The key revisions to the CHARM booklet include: (1) removing references to certain fees and product types that are no longer permitted, such as prepayment penalties on adjustable-rate mortgages; (2) adding information about the lender's obligation to consider the borrower's ability to repay the loan, provide disclosure of interest rate adjustments, and ensure a borrower has received

homeownership counseling before making a negative amortization loan; and (3) adding CFPB contact information and resources for consumers and updates to other federal agency contact information. The CFPB resources added include: information about how consumers can submit a complaint to the Bureau; a link to the Bureau's online "Ask CFPB" tool to find answers to questions about mortgages and other financial topics; and a link to an online tool to find local HUD-approved housing counseling agencies.

Settlement Cost Booklet/Special Information Booklet

In its enactment in 1974, RESPA required the provision of "special information booklets" to help persons borrowing money to finance the purchase of residential real estate to understand better the nature and costs of real estate settlement services. Public Law 93-553. Since 1976, HUD implemented this requirement by publishing the Settlement Cost Booklet.

The Dodd-Frank Act amended RESPA, among other things, to transfer to the Bureau the responsibility for "a booklet to help consumers applying for federally related mortgage loans to understand the nature and costs of real estate settlement services." 12 U.S.C. 2604. Under 12 CFR 1024.6, lenders are directed to provide a copy of the special information booklet to each person who has submitted a written application for certain federally related mortgage loans within 3 business days after receiving the application. To reflect the transfer to the CFPB and ensure consistency with the Bureau's rulemakings regulating practices in mortgage origination and servicing that take effect in January 2014, the CFPB has made technical and conforming changes to the Settlement Cost Booklet. Specifically, the CFPB has revised the booklet to add information about new servicing protections for consumers, including servicer obligations to (1) respond promptly to consumer requests for information and notices of errors, (2) provide mortgage payoff statements and monthly billing information, and (3) contact delinquent

consumers regarding options to avoid foreclosure. As with the HELOC Brochure and CHARM Booklet, the revised Settlement Cost Booklet also adds CFPB contact information and resources for consumers, and updates other federal agency contact information. The CFPB resources added include: information about how consumers can submit a complaint to the Bureau; a link to the Bureau's online "Ask CFPB" tool to find answers to questions about mortgages and other financial topics; and a link to an online tool to find local HUD-approved housing counseling agencies. These changes obviate the relevance of the permissible changes stated in 12 CFR 1024.6(d)(1)(ii) and the last sentence of 12 CFR 1024.6(d)(2) for those using the revised Settlement Cost Booklet.

The CFPB is hereby publishing this notice of availability regarding the revised HELOC Brochure, CHARM Booklet, and Settlement Cost Booklet to provide appropriate notice of the revisions.

Dated: January 6, 2014.

Richard Cordray,

Director, Bureau of Consumer Financial Protection.

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